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The Helping Families Save Their Homes Act could keep hundreds of thousands of families from losing their home without spending one federal dollar

(WASHINGTON, DC) -- Congressman Russ Carnahan (MO-3rd) voted in favor of legislation today that brings fairness and hope to families who are facing foreclosure. A record 5.4 million homeowners were either behind on payments or in foreclosure at the end of last year, according to an industry survey. It is vitally important that we address our nation's housing crisis. The Helping Families Save Their Homes Act will put in place a key first piece of President Obama's comprehensive Homeowner Affordability and Stability Plan. The President announced details of his plan yesterday, including a website, www.financialstability.gov, with an eligibility quiz for homeowners struggling to make their payments.

"Bankruptcy protections should not just apply to speculators with two or more homes," said Congressman Carnahan.

"Keeping primary residences in the hands of families dealing with debt restructuring is just as important, not only to them, but to their neighbors as well."

The Helping Families Save Their Homes Act gives bankruptcy judges the ability to modify existing mortgages for families who file for Chapter 13 bankruptcy as an incentive to spur lenders into voluntarily modifying loans. It gives lenders the confidence to modify loans by protecting them from some lawsuits. And it spurs mortgage refinancing by fixing the Federal Housing Administration's Hope for Homeowners Program, reducing fees and offering new incentives for lenders.

Chapter 13 bankruptcy filing is a last resort for many families who are unable to make ends meet in the midst of this recession. It is a strict and intrusive process that forces a family to open their finances up to the scrutiny and management of the courts for up to five years. This legislation is critical to the overall recovery of our economy. Home prices dropped 18 percent in the last quarter of 2008. More than 14 million homeowners owe more on their mortgage than their home is worth, and they cannot refinance. Many are facing foreclosure through no fault of their own. This is an important step in helping America recover.

Congressman Carnahan said, "**Declining home prices simply contributes to the downward spiral of the economy. That is why measures restoring home ownership and occupancy are critical during these difficult times. With estimates that many foreclosed homes actually reduce nearby property values by as much as 9 percent, the need for passing this legislation could not be more clear, and in addition may help as many as 9 million American families from losing their homes.**"